

**BOARD OF COUNTY COMMISSIONERS
AGENDA ITEM SUMMARY**

Meeting Date: August 16, 2006
Bulk Item: Yes X No

Division: Budget and Finance
Department: Office of Management and Budget
Staff Contact Person: Salvatore Zappulla

AGENDA ITEM WORDING: Approval for the appropriation of up to 95% of the estimated fund balance going forward, of the One Cent Infrastructure Sales Tax fund (304)

ITEM BACKGROUND: While it is currently too early to predict a fund balance for the One Cent Sales Tax fund (304) for 2006, as revenues for the fiscal year are not finalized, and even more difficult to predict project expenditures in the fund, the attached exhibit assumes the estimated fund balance at the end of fiscal 2006 will be \$35 million. This assumption would mean that \$20 million of total expenditures would also have to take place since the fiscal 05' ending fund balance was actually \$39.5 million. (See Exhibit on the next page)

PREVIOUS RELEVANT BOCC ACTION: The Board of County Commissioner has a policy of appropriating 70% -80 % of the estimated fund Balance going forward in most of the county's funds. While this policy has been instrumental in maintaining adequate reserves in the majority of the funds, the Infrastructure Sales Tax Fund has increased from \$28 million to 39.5 million in 5 years while appropriating 70% - 80% of the estimated fund balance going forward. Projects have taken long to complete despite the large number of new projects added to the fund in the last few years. In order to maximize the amount funds that will be available to budget for Wastewater projects prior to the county borrowing from the State revolving fund, a certain amount of flexibility is gained. This change in policy will allow the county to budget a majority of the projects for the 2007 budget. This policy can be re-addressed during next year's budget cycle based on the progress of the wastewater projects budgeted during 2007.

CONTRACT/AGREEMENT CHANGES:
None

STAFF RECOMMENDATIONS:

Approval

TOTAL COST: No actual additional costs involved **BUDGETED:** Yes X No N/A

COST TO COUNTY N/A **SOURCE OF FUNDS:** One Cent Sales Tax (304)

REVENUE PRODUCING: Yes No **AMOUNT PER MONTH** **Year**

APPROVED BY: County Atty. OMB/Purchasing Risk Management

DIVISION DIRECTOR APPROVAL: Salvatore R. Zappulla, Division Director, Budget & Finance

DOCUMENTATION: Included Not Required

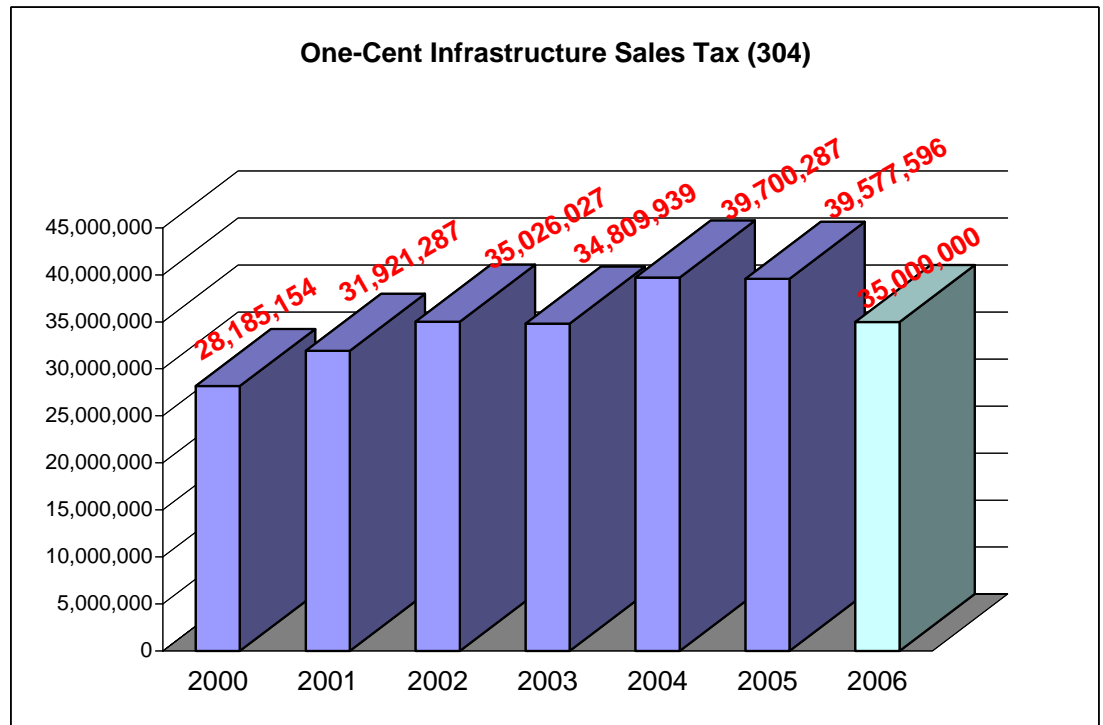
DISPOSITION: **AGENDA ITEM #**

One Cent Infrastructure Sales Tax (Fund 304) Discussion of Fund Balance Appropriation for the Fiscal 2007 Budget

In response to Wastewater Funding Requirements

Fiscal Year Ended	Actual Fund Balance	Estimated Fund Balance	Estimated Appropriated Fund Balance	Maximum Percentage Appropriated*
9/30/2006	35,000,000	35,000,000	33,250,000	95.00%
9/30/2005	39,577,596	30,420,834	25,097,188	82.50%
9/30/2004	39,700,287			
9/30/2003	34,809,939			
9/30/2002	35,026,027			
9/30/2001	31,921,287			
9/30/2000	28,185,154			

**If the BOCC approves the plan to appropriate the maximum of 95% of the estimated fund balance going forward, assuming an actual fund balance of \$35million, there will be an additional \$8 million available for Wastewater project budgets for fiscal 2007. The fund balance policy has been to budget 70-80% of the estimated fund balance in the past.*



This fund accounts for the One Cent Sales Tax charged on all purchases within Monroe County. Uses of this fund are limited by Florida Statute and County Ordinance. The timing of the projects and the actual completion of projects affects the Fund Balance. In recent years the Sales Tax revenues have increased steadily, while projects have taken longer to complete. This fund is also paying off the 2003 Sales Tax Revenue Bonds, which currently have an outstanding Balance of \$18,305,000. The revenues budgeted in this fund have been \$11.5million of One Cent Sales Tax. The fund actually generates upwards of \$15.0 million, even as a result of the economic downturn in the County caused by the 2005/2006 Hurricane season which caused major flooding and damages throughout Monroe County, and slowed tourism dramatically.

Assuming that fiscal year 2006 ends with an actual fund balance of \$35million, would also be assuming that \$20million of expenditures took place during 2006. Since the actual Fund Balance of approximately \$40.0 million at the end of Fiscal 2005 plus \$15million of Sales Tax Revenues (estimated) for 2006, less \$20.0 million of expenditures in 2006 would leave \$35.0 million in Fund Balance at the end of 2006. To Date, there have been expenditures of \$13.0 Million including \$3.74 million for the new Traumastar Helicopter.